

Prosperity:

A Double-Edged Sword



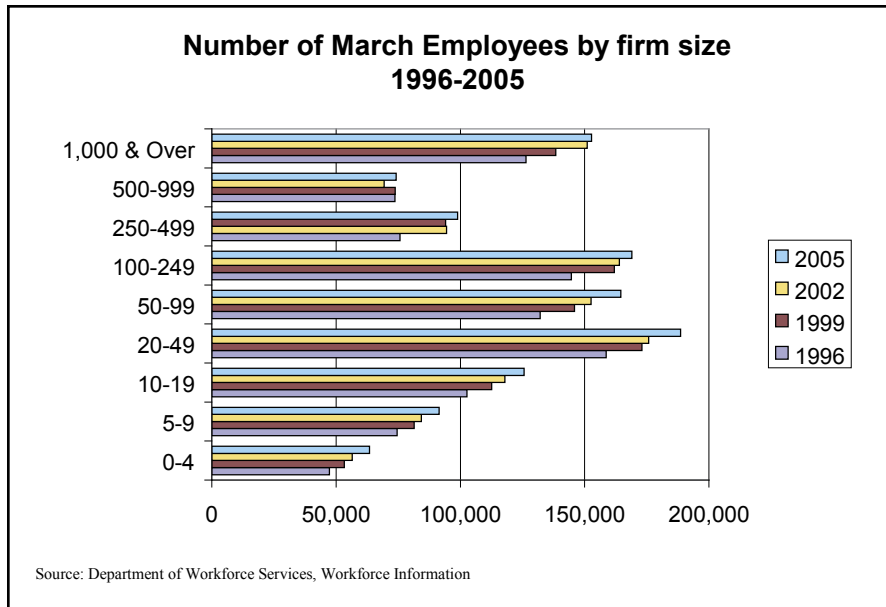
WHO IS MOST CHALLENGED, SMALL EMPLOYERS OR LARGE EMPLOYERS?

Utah has experienced extraordinary job growth in the past year. On a percentage basis, Utah has created the most jobs second only to Nevada. As a result, many people are working, and unemployment has substantially declined. These conditions have created a job seekers' market that could push wages upward as businesses compete for quality workers.

Although these circumstances benefit job seekers, they can pose challenges for some employers. Rapid growth and shrinking unemployment together act as a double-edged sword, creating a tighter labor market in addition to a prosperous overall economy. Tight labor markets can make it more difficult for employers to find and retain qualified employees, so some Utah employers may be struggling to find applicants, fill positions, and keep qualified workers.

Utah's economy is largely comprised of small employers. Over one-half of establishments contain only four or fewer workers. Historically, small employers have always outnumbered large employers in Utah. However, large employers have always created the most jobs in the state (see Numbers of Employees graph). This pattern proves true time and time again.

To determine which size of firm fares best during tight labor markets, one must examine size-of-firm capabilities. For example, a firm's ability to pay attractive wages is usually a common dilemma in a tight labor market. Hypothetically, larger, more established firms are better able to pay higher wages. These employers are more likely to have the stability and resources to meet the higher wage demands of job seekers. Aside from wages, a good benefits package can also attract job seekers these days. Small business owners can, and do, offer great jobs and, in many cases, offer decent wages. But, in a tight labor market, large employers are more likely to have the flexibility to meet the rising demands of prospective employees.

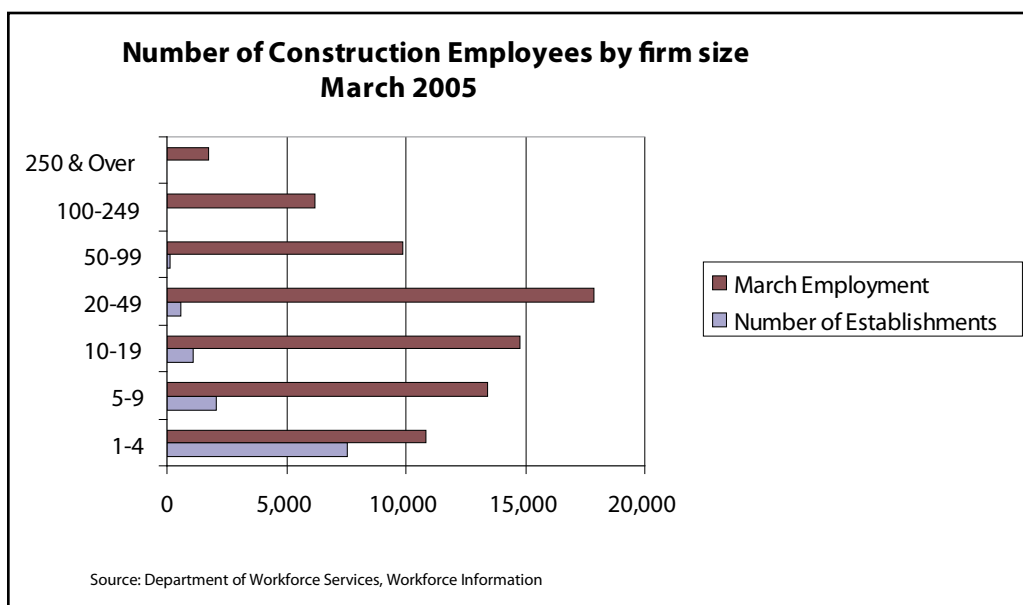


In Utah, some small business owners may be finding it harder to attract employees and retain current employees. To add to their difficulties, most newly created jobs in the state are found with large employers.

HOW DOES THIS AFFECT THE CONSTRUCTION INDUSTRY?

Construction in Utah is currently booming and is expected to grow through 2006. Most construction establishments are small firms but, again, most construction jobs are found in the larger firms

(see Number of Construction Employees graph). Excessive growth in the past year contributes to a tight labor market in construction, especially since a lot of these jobs are seasonal and entry-level. According to the DWS 2005 Job Vacancy Study, average wages offered for openings in this industry shifted upwards by approximately four dollars per hour in response to rapid growth in the industry and a tightening labor market. This wage increase could be the result of abundant job vacancies in larger firms that are better able to raise wages.



More? <http://jobs.utah.gov/opencms/wi/pubs/em/ueews/>